



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



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PUBLIC INSTRUCTION

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Kathleen A. Weller, CPA
Director, Office of Audits

SUBJECT: Guidance on Reporting Commodities

DATE: July 12, 2007

Please share this guidance with your business manager and your food service director.

The purpose of this letter is to give additional guidance on reporting USDA Entitlement and Bonus Commodities for accounting and auditing purposes. As you know, many districts were affected by a court decision transferring food commodities from the food consortium back to Northern Warehousing, Inc. Those districts that ordered commodities from Northern Warehousing from August 2006 through March 2007 will need to merge two Planned Assistance Level (PAL) Reports – one from the food consortium and one from the Michigan Department of Education Food Distribution website for the 2006/2007 school year. The total of the entitlement commodities from the consortium PAL (located on the consortium website) and the Northern Warehousing PAL (located on the MDE Food Distribution website) should be added together and reported on the audited financial statements, Financial Information Database (FID), and as receipts and expenditures on the single audit (if necessary). The same formula should be used for Bonus Commodities. Remember, this procedure is only for districts that ordered commodities from Northern Warehousing in the months of August 2006 through March 2007.

To determine if your district has requested all of the food commodities that it is eligible (entitled) to receive, the district must take the beginning entitlement (prior school year [2005/2006] meal count times rate of \$0.2000) less the distribution from the consortium and then less the distribution from Northern Warehousing, Inc. The difference is the value of "unrequested" commodity dollars.

If there are questions regarding the computation of the inventory for the Single Audit and the School Meals Program Year End Report (SM-4012-A), refer to Administrative Policy #12 SY 2004-2005, entitled, "Inventory Calculations for School Meals Program Year End Report and Single Audit" at the following link:

http://www.michigan.gov/documents/AdminPolicy12_125277_7.pdf

Due to the lag time in posting entries from some processors, please wait until after July 15, 2007, to pull your food consortium PAL Reports from the consortium website.

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If there are any questions or concerns regarding your audit, please contact Roxanne Nicholas at (517) 373-4591 or by e-mail at nicholasrr@michigan.gov. If there are questions or concerns regarding the food commodities, please contact Jayme Priest at (517) 335-3792 or by e-mail at priestj@michigan.gov. Thank you.

cc: CPA Firms